

EDUMBE LOCAL MUNICIPALITY – KZN 261

ANNUAL FINAL REPORT BUDGET

2014/15- 2016/17



MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

Copies of this document can be viewed:

- All municipal buildings
- Dumbe Library and PaulPietersburg Library
- www.edumbe.gov.za

Overview of eDumbe Local Municipality

The eDumbe Municipality is situated in the north-western part of KwaZulu-Natal. It covers a geographical area of 1 947 km² and is home to a population of about 101 607. The municipal area of jurisdiction is demarcated into 8 wards which is predominantly rural in nature. Furthermore, the eDumbe Municipal area comprises of 52 settlements in total, which includes 48 dispersed rural settlements, 3 urban areas and one major town. The major town/urban centre are PaulPietersburg/ Dumbe located in relation to the national road and rail networks.

Executive Summary

The application of sound financial management principles for the compilation of eDumbe Local Municipality financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

National Treasury's MFMA Circular No. 70 and 72 were used to guide the compilation of the 2014/15 – 2016/17 MTREF.

The main challenges experienced during the compilation of the 2014/15 MTREF has not changed from the previous year's challenges which were experienced by the municipality when the budget was previously compiled. The challenges can be summarized as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Most of the rural settlements are small thus making service delivery costly, this effect is compounded by the aspect that only 35% of the municipality's population lives in an urban area while 65% lives in the rural hinterland of the municipality. The spatial development pattern of the municipality will have to be addressed.
- Income levels in eDumbe tend to be quite low with 69% of the population earning less than R800 a month. The traditional and rural areas are the most poverty stricken.

Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved when it comes to the submission to the Mayor and treasury.

Internship program

The Municipality is participating in the Municipal Financial Management Internship program and has employed five interns undergoing training in various divisions of the Financial Services Department. Two interns and one senior official have completed the Municipal Finance Management Program conducted by DBSA. The municipality has also sent five section 57 employees to attend the same course at University of Pretoria and other sixteen (16) official are attending same course which is conducted in house by Mafunisa. The course is a minimum requirement for the senior managers. Since the introduction of the Internship program the Municipality has successfully absorbed 5 interns.

Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

Audit Committee

An Audit Committee has been established and is fully functional.

Internal audit unit

An internal audit unit has been outsourced and is fully functional.

Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalized after approval of the 2014/15 MTREF by Council on the 28 May 2014.

Legislative framework

The 2014/2015 budget is prepared in accordance with the Local Government; Municipal Finance Management Act, 2003 and the Municipal Budget and reporting regulations issued by the Minister in terms of Section 168(1) of the Act. In terms of these regulations a multi-year budget spanning over three (3) years is prepared. It needs to be noted that the figures for 2014/2015 and 2016/2017 are indicative in terms of the medium term expenditure framework.

The budget comprise of two categories:

- (a) Operational Budget
- (b) Capital Budget

The focus area where éDumbe Municipality is rendering service to community includes the following:

- Electricity supply
- Solid waste removal
- Cemeteries
- Fire fighting
- Traffic
- Municipal roads

Linkages between the budget, the IDP and political priorities

Firstly, the budget timetable and the IDP process plan are aligned through an integrated time schedule.

Secondly, the IDP is prepared and the projects are included in the budget with each project properly reference per IDP reference number.

Moreover, the financial plan comprising the total budget, among other items, is included in the IDP.

Finally, the implementation of electricity and solid waste projects and other assigned functions through the structures Act constitutes compliance with National, Provincial and Local development goals to eradicate backlogs of the past.

IDP Strategic Objectives

Key Performance Area: Local Economic Development	
Strategic Focus Area	Objectives
1. Job Creation	Enhance Industrial Development through Trade & Investment
	Expansion of Government-led Job Creation Programmes
	Promoting SMME, Entrepreneurial and Youth Development
	Enhance the Knowledge Economy
2. Fighting Poverty	To Alleviate poverty
3. Natural Resources	Unleashing Mining Potential
	Unleashing Agricultural Potential
	To promote sustainability & ensure protection of municipal natural resources and heritage sites
4. Tourism & Marketing	To market the municipality and its opportunities that it offers
5. Informal economy	To formalise the informal economy/sector
Key Performance Area : Service Delivery & Basic Infrastructure Development	
Strategic Focus Area	Objectives
1. Roads	Improve accessibility in all wards
	Refurbish existing Roads in rural & urban areas
2. Electricity	To improve the current electrical network
3. Sustainable Human Settlements	To provide Sustainable Human Settlements to people of eDumbe
4. Refuse Removal (solid waste)	To facilitate the effective and efficient removal of solid waste
5. Cemeteries	To ensure that there is sufficient burial space and that cemeteries are well kept
6. Community Facilities	To ensure the community is well equipped with services and facilities
Key Performance Area: Financial Viability & Management	
Strategic Focus Area	Objectives
1. Revenue	To improve revenue collection
2. Expenditure	To ensure compliance of the MFMA in terms of section 65 & be a debt free municipality
3. SCM	To ensure compliance of chapter 11 of MFMA
4. Asset Management	To have a complete & effective asset register

Key Performance Area: Municipal Transformation and Institutional Development	
Strategic Focus Area	Objectives
1. Municipal Policies	To ensure that the municipality has in place all the relevant prescribed policies, strategies and by-laws
2. Capacity building & Skills development	To ensure that staff as well as councillors are exposed to capacity building initiatives
3. Performance Management	To establish a Performance Management unit
4. Vacant posts	Ensure critical posts are filled
5. Employment equity	To ensure that the municipality is compliant with labour laws
6. Municipal Website	To have a website that is easily accessible and informative
7. Record Management	To have a fully functional and effective record system
8. MTAS	To have a MTAS that addresses the municipality's critical issues
Key Performance Area : Good Governance and Community Participation	
Strategic Focus Area	Objectives
1. Fraud and Corruption	Eradicate fraud and corruption
2. Communication and relationship building	Strengthen & Improve Communication & relations internally and externally (including IGR)
3. Customer care and satisfaction	Improve current customer satisfaction
4. Government & Admin meetings	To ensure that all municipal statutory bodies are fully operational, functional & effective
5. IDP	Promote integrated development planning
6. Poverty, Social Welfare & food security	Safeguard sustainable livelihoods and food security
	To alleviate poverty
7. Health care	Enhancing health of communities and citizens
8. Public Safety & Security	Enhancing public safety and security
9. Special Groups	Promote youth, disabled, elderly & women
10. HIV/AIDS	To reduce the impact of HIV/AIDS
11. Sport development	To promote sports development
12. Arts and culture	To promote arts & culture
Key Performance Area : Spatial Development and Environment Planning	
Strategic Focus Area	Objectives
1. LUMS	To promote harmonious & co-ordinated land uses to achieve sustainable environment
2. SDF	To ensure effective management of current and desirable land uses
3. Land Reform	To ensure that the process of land reform is fast tracked
	To ensure that the land re-institution programme is of an advantage to the beneficiaries
4. GIS	To establish a GIS Unit within the municipality
	To ensure that all GIS data is accessible and readily available to the municipal departments in a sustainable manner
5. Energy Usage	Promote usage of alternate energy sources
6. Land usage	Ensure sustainable usage of land
7. Disaster Management	A disaster man. Plan that is responsive

Consolidated Overview of the 2013/14 MTREF



Total operating revenue has grown by 1% or R 790 410 for the 2014/15 financial year compared to the 2013/14 approved Adjusted Budget. For the two outer years, operational revenue will increase by 5% and 2.4% respectively, equating to a total revenue growth of R 7, 6 million over the MTREF when compared to the 2013/14 financial year approved adjusted budget.

Total operating expenditure for the 2014/15 financial year has decreased by 0, 3% or R 339 592 compared to the 2013/14 approved Adjusted Budget. For the two outer years, operational expenditure has grown 4, 3% and 2% for each of the respective equating to a total expenditure increase of R 5, 367 million over the MTREF.

The capital budget of eDumbe Local Municipality has increased from R 21, 951 million to R 24, 198 million.

Operating Revenue Framework

The expenditure required to address these challenges will inevitably always exceed available funding hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues. The municipality has a huge task to implement the revenue enhancement strategy due to the fact that the municipality has a huge backlog on infrastructure which must be addressed.

Cash flow has become a huge challenge in a municipality due to the non-payment by customers. One of the challenges which cause the customers not to pay is the current economy status within the area which has affected the market and some businesses are struggling to cope with the situation.

The municipality's revenue strategy is built around the following key components:

- Efficient revenue management
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

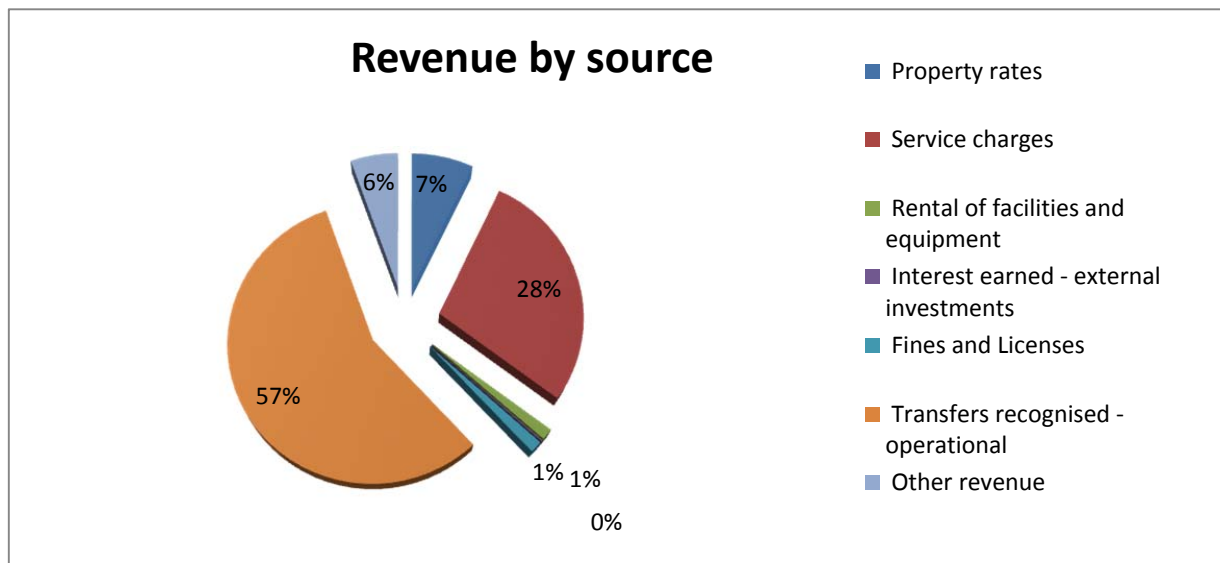
Summary of revenue classified by main sources

KZN261 eDumbe - Table A4 Budgeted Financial Performance (revenue management)

Description R thousand	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<u>Revenue By Source</u>						
Property rates	7 344 199	5 061 542	5 061 542	5 995 542	6 084 849	6 383 007
Property rates - penalties & collection charges	62 773	814 454	814 454	567 254	596 184	625 397
Service charges - electricity revenue	17 547 176	18 763 590	18 763 590	20 778 593	18 442 082	19 345 744
Service charges - refuse revenue	3 970 226	4 966 587	4 966 587	5 264 582	4 172 707	4 377 170
Rental of facilities and equipment	1 294 096	1 260 994	1 260 994	1 203 946	1 265 347	1 327 349
Interest earned - external investments	34 889	134 075	134 075	134 075	140 912	147 817
Fines	479 065	300 279	300 279	300 279	315 594	331 058
Licences and permits	1 054 024	958 206	958 206	958 206	1 007 074	1 056 420
Transfers recognised - operational	44 512 000	53 312 000	53 312 000	52 186 550	61 437 000	61 998 000
Other revenue	3 429 510	6 079 150	6 079 150	5 052 258	3 551 953	3 725 999
Gains on disposal of PPE	0	0	0	0	0	0
Total Revenue (excluding capital transfers and contributions)	79 727 958	91 650 877	91 650 877	92 441 285	97 013 703	99 317 961

The format prescribed by National Treasury has been used to prepare the above schedule and the operating statement has excluded the capital transfers to allow the user to see whether the operating activities of municipality results to the deficit or surplus.

The revenue as per chart is as follows:



Operating Transfers and Grant Receipts

The National Treasury has allocated grants to the municipality through DORA which will assist on the provision of the basic services. The schedule of grants received is as follows:

[Redacted content]

Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R45 000 reduction on the market value of a property will be granted in terms of eDumbe Local Municipality's proposed draft Property Rates Policy to be implemented in 2014/2015.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance.

The proposed property rates tariff for 2014/2015 financial year has been calculated in compliance with the MPRA regulations which stipulate the ratios of tariffs per category. It must be noted that the previous year's tariffs was not complying with the MPRA regulations when it comes to ratios per category. The revenue forgone has been calculated to R 1 289 112.05 based on the R45 000 reduction amount on all residential properties.

The proposed tariffs for the property rates which will be implemented by eDumbe Local Municipality is as follow:

Property Category	2013/2014	Rebate	2014/2015	Rebate
Residential	0.00728		0.00780	
Business	0.01374	10%	0.01940	10%
Industrial business	0.00000		0.02330	
Agricultural	0.00182		0.00190	
SPL	0.01374		0.01940	
PSI	0.00182		0.00190	
Vacant Land	0.01374	10%	0.03100	10%
Churches	Exempted from paying rates			
Municipal properties	Exempted from paying rates			

Sale of Electricity and Impact of Tariff Increases

NERSA has approved an average increase to Eskom on bulk electricity by 8 per cent. The municipality has applied to NERSA for the electricity tariff which will be implemented in 2014/2015 however we still await the approval of the tariffs.

Waste Removal and Impact of Tariff Increases

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2014. The following table compares current and proposed amounts payable from 1 July 2014:

Waste removal proposed tariffs	2013/2014 excl. VAT	2014/2015 excl. VAT
1. Domestic removal - Refuse	82.22	87.15
2. Business removal - Refuse		
1 - 2 Bins	221.75	235.06
3 - 4 Bins	332.90	352.87
5 - 6 Bins	358.40	379.90
More than 6 Bins	513.68	544.50

Other revenue relates to the following

OTHER OPERATING INCOME			
Miscellaneous	3 022 578	3 176 730	3 332 389
Tender Monies	50 400	52 970	55 566
Sundry Income	1 879 280	682 727	716 181
Penalties (Late Payments)	-	65 974	69 207
LGSETA Subsidy	100 000	105 100	110 250
Plant & Hall Hire	-	64 637	67 804
Total Income	5 052 258	4 148 137	4 351 396

Operating Expenditure Framework

The eDumbe Local Municipality expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital program is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2014/15 budget per department

Expenditure

Departments	Salaries & Wages	Councillors Allowances	General Expenses	Repairs & Maintenance	Contributions to Capital Outlay	Contributions to Funds (Leave)	Total
The Office of the Municipal Manager	2 855 774		4 644 000	-	100 000	53 458	7 653 232
Executive & Council		4 630 391	2 170 000	-	1 100 000		7 900 391
Finance & Admin (Finance)	4 579 062		10 755 313	36 667	30 000	152 507	15 553 549
Finance & Admin (Corporate Services)	5 637 726		5 714 994	500 000	-	194 837	12 047 556
Planning & Development	2 897 250		2 050 000	-	-	87 725	5 034 975
Community & Social Services	2 965 341		3 981 000	150 000	450 000	92 574	7 638 915
Public Safety	3 569 949		180 000	120 000	150 000	90 167	4 110 117
Technical Services	12 248 397		18 233 550	1 656 668	24 198 450	363 934	56 700 999
	34 753 500	4 630 391	47 728 856	2 463 335	26 028 450	1 035 203	116 639 735
	30%	4%	41%	2%	22%	1%	100%

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

KZN261 eDumbe - Table A4 Budgeted Financial Performance (expenditure management)

Description R thousand	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Expenditure By Type						
Employee related costs	29 554 666	30 954 040	30 954 040	35 788 703	37 186 245	39 789 282
Remuneration of councillors	3 832 714	4 409 897	4 409 897	4 630 391	4 954 519	5 301 335
Depreciation & asset impairment	1 264 987	1 379 649	1 379 649	3 106 349	3 230 603	3 359 827
Finance charges	120 000	120 000	120 000	150 000	156 000	162 240
Bulk purchases	13 510 000	13 510 000	13 510 000	15 800 000	16 432 000	17 089 280
Other materials	150 000	-	-	2 463 335	2 437 068	2 534 551
Contracted services	2 502 000	2 502 000	2 502 000	2 776 200	2 887 248	3 002 738
Transfers and grants	-	-	-	200 000	208 000	216 320
Other expenditure	28 093 590	38 075 291	38 075 291	25 696 307	27 022 020	24 862 388
Loss on disposal of PPE						
Total Expenditure	79 027 957	90 950 877	90 950 877	90 611 285	94 513 702	96 317 961

Employee cost

The employee related cost comprises of 35% of the operating budget and 30% of the total budget and it has improved comparing to the 2013/2014 financial year employee related cost percentage. The increase on salaries for employees has been projected at 6.84% as per Circular no. 70 issued by National Treasury.

The employee cost has a provision of new posts to be filled during the next financial year. The posts in question are as follows:

Name of Post	Department	Total cost to company
Manager IDP	Planning Department	R 582 178
Manager Community Services	Community services	R 582 178
Registry Officer	Corporate Service	R 220 056
Accountant Budget and Reporting	Finance Services	R 344 839
Payroll Officer	Finance Services	R 220 056
Committee Clerk	Corporate Service	R 145 438
Debtors Control Clerk	Finance Services	R 145 438
		R 2 240 183

Also included on the employee related costs is the provision for travel allowances for all managers at R 6 000 per month. The managers will therefore not be eligible to use municipal vehicles as from 01 July 2014 since they will be having the travel allowances.

Remuneration for Councillors

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipal budget. It must also be noted that the position of the Mayor and Speaker has been changed from part-time to full time which had an impact on the allowances of the councillors.

Bulk Purchase

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases which has been approved by NERSA for Eskom has been factored into the budget appropriations and directly inform the revenue provisions

Contracted services

Contracted services have been identified as a cost saving area for the municipality. As part of the compilation of the 2014/15 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. The contracted services include the provision of the grass cutting to the municipal properties and the security services to all municipal buildings as per the service level agreement signed between two parties. An amount of R 2 776 200 has been provided.

Description	Budget Year 2014/2015	Budget Year 2015/2016	Budget Year 2016/2017
Security Services	R 1 696 200	R 1 807 248	R 1 922 738
Grass Cutting	R 1 080 000	R 1 080 000	R 1 080 000
	R 2 776 200	R 2 887 248	R 3 002 738

Repairs and maintenance of assets

This has become a challenge when it comes to the disclosure of the amount to be spent on the repairs and maintenance of the assets. This is because the repairs and maintenance portion include the portion of salaries of employees which are involved on the repairs and maintenance. The repairs and maintenance budgeted for 2014/2015 financial year per item is as follows excluding the salaries portion.

Repairs and Maintenance

Description R thousand	2014/15 Medium Term Revenue & Expenditure Framework		
	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Electricity Infrastructure	600 000	624 000	648 960
Re-gravelling of roads projects	120 000	-	-
Building and Structures	136 668	142 134	147 820
Renovations: Community facilities	150 000	156 000	162 240
Maintenance of Roads	520 000	540 800	562 432
Municipal Building and Structures	100 000	104 000	108 160
Vehicle	836 667	870 134	904 939
Total	2 463 335	2 437 068	2 534 551

Free Basic Services: Basic Social Services Package

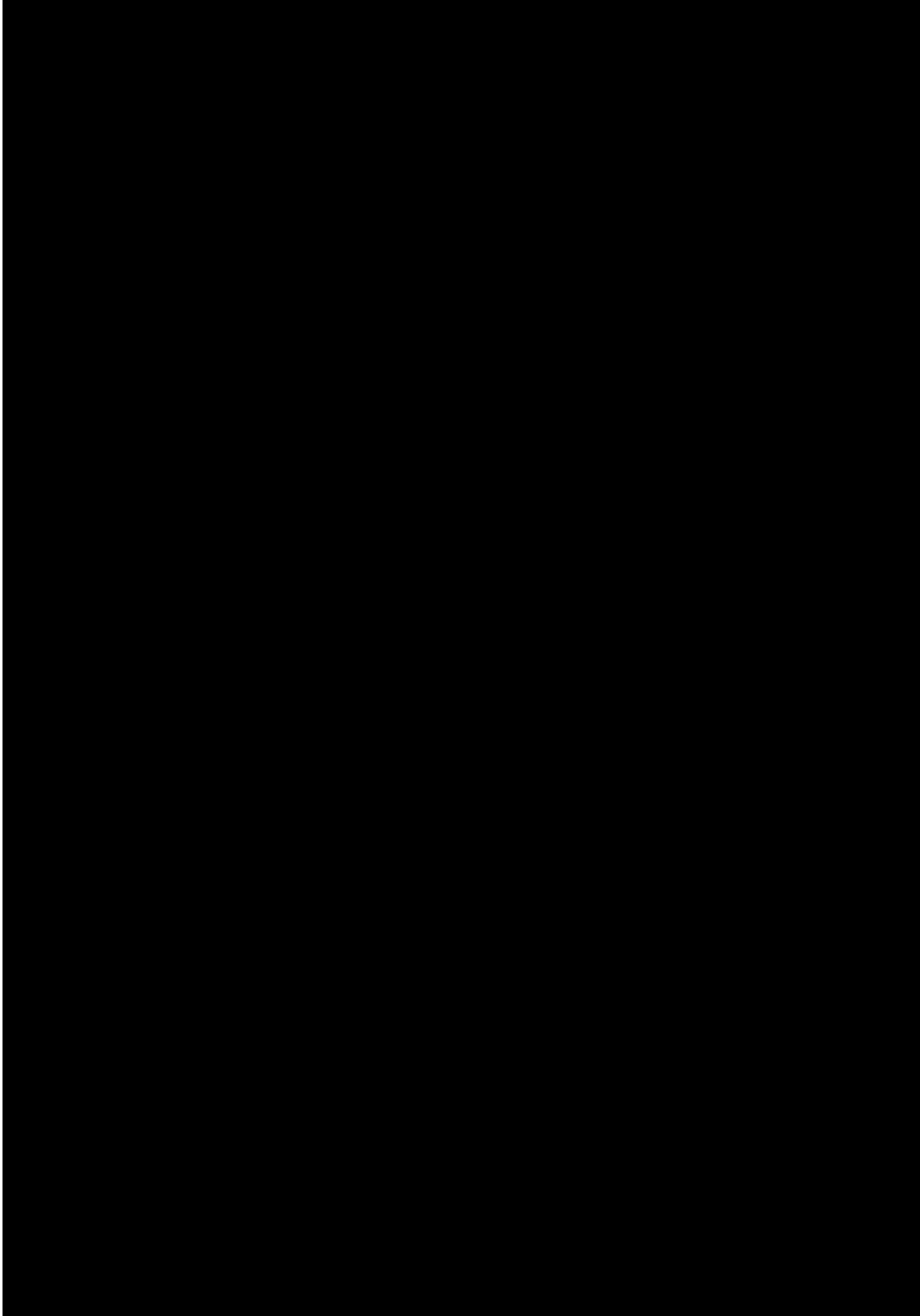
The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the eDumbe Local Municipality's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement). The municipality is currently provide the free basic electricity to rural household and the municipality pay Eskom for the provision of the free basic electricity since the license holder is Eskom. The budgeted amount for FBE has been included on the bulk purchases for electricity. Other Transfers and grants item which has been provided for on the budget is the amount of R200 000 which has been set aside for the Bursary Scheme for students which will be helped by the municipality during 2014/2015 financial year for registration on universities and FET's.

Depreciation

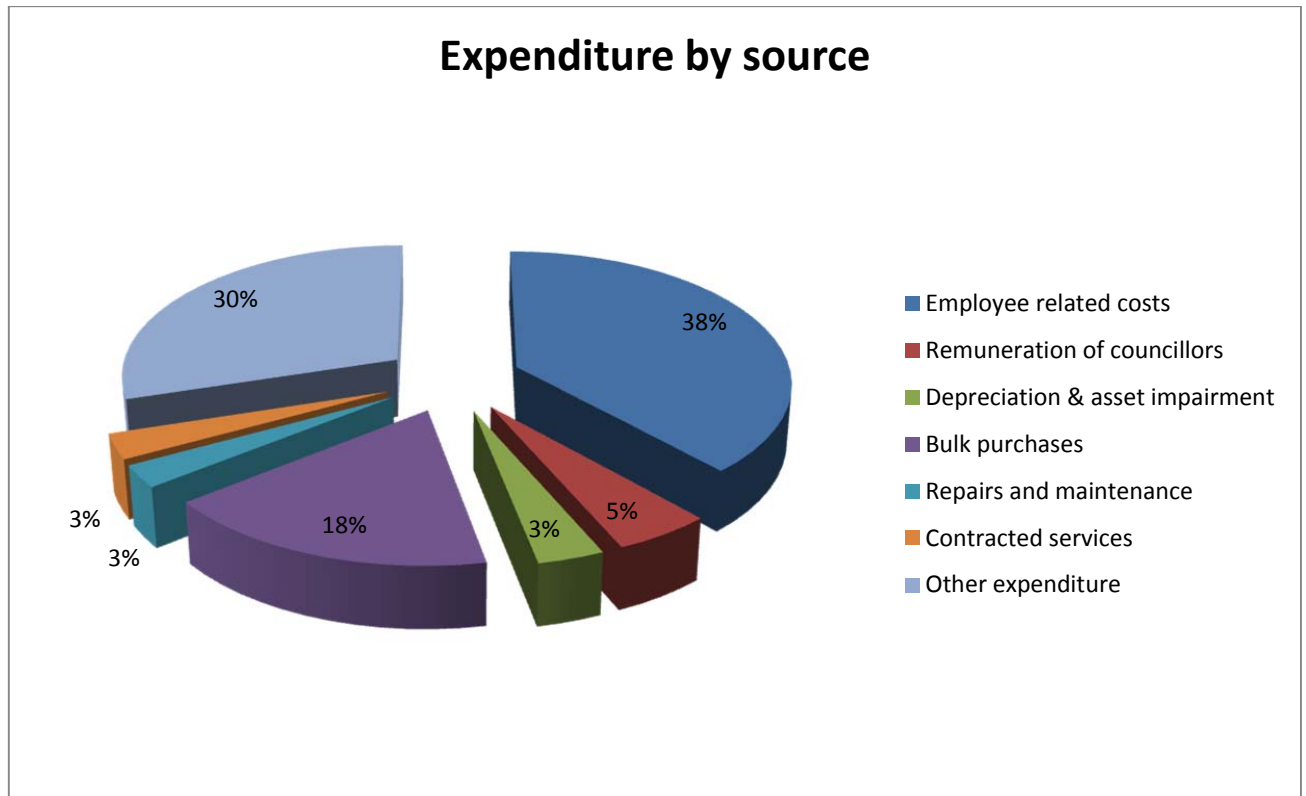
This is a non cash item budgeted for as per the stipulation of the new accounting standards and is funded from backlog depreciation. The depreciation of assets has been budgeted at **R 3 106 349** for 2014/2015 financial year.

Summary of expenditure

Provision is made for the following general expenses



The following table/ chart give a breakdown of the main expenditure categories for the 2013/14 financial year.



Expenditure by source	
Employee related costs	35 788 703
Remuneration of councillors	4 630 391
Depreciation & asset impairment	3 106 349
Bulk purchases	15 800 000
Repairs and maintenance	2 463 335
Contracted services	2 776 200
Other expenditure	26 046 307
	90 611 285

1.1 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure funded by grants:

R thousand	Program/Project description	Asset Sub-Class 3	Total Project Estimate	Project information	
				Ward location	New or renewal
Transportation and Roads	Bhadeni Roads	<i>Roads, Pavements & Bridges</i>	1 000 000	6	New
Transportation and Roads	Tholakele Roads	<i>Roads, Pavements & Bridges</i>	1 000 000	5	New
Transportation and Roads	KwaGamakazi Roads	<i>Roads, Pavements & Bridges</i>	1 000 000	7	New
Sports and recreation	Obivane Halls	<i>Community facilities</i>	1 800 000	7	New
Sports and recreation	Mahloni Halls	<i>Community facilities</i>	500 000	7	Renew
Sports and recreation	Emapayipini Crèche	<i>Community facilities</i>	500 000	8	New
Environmental	Bilanyoni Cemetery	<i>Cemeteries</i>	700 000	4	New
Transportation and Roads	Bilanyoni storm water drainage	<i>Roads, Pavements & Bridges</i>	1 800 000	4	New
Electrical Services	Mangosuthu High Masts	<i>Street Lighting</i>	1 500 000	2	New
Environmental	Ophuzane Cemetery	<i>Cemeteries</i>	550 000	8	New
Transportation and Roads	Koto Pedestrian Ferry Phase II	<i>Roads, Pavements & Bridges</i>	898 450	1	Renew
Transportation and Roads	Balmoral Causeway	<i>Roads, Pavements & Bridges</i>	600 000	6	Renew
Transportation and Roads	Madelakufa Causeway	<i>Roads, Pavements & Bridges</i>	1 000 000	3	New
Transportation and Roads	Ngwanya Rehabilitation Bridge	<i>Roads, Pavements & Bridges</i>	400 000	2	Renew
Sports and recreation	KwaVova Combi Court	<i>Sports fields & stadia</i>	500 000	6	New
Transportation and Roads	Ophuzane Bus Shelter	<i>Roads, Pavements & Bridges</i>	950 000	8	New
Sports and recreation	Khuzeni Crèche	<i>Community facilities</i>	500 000	5	New
Electrical Services	Electrification of Ngwanya area	<i>Electrification/ Transmission</i>	8 000 000	2	New
Sports and recreation	Ngwanya Crèche	<i>Community facilities</i>	500 000	2	New
Sports and recreation	Obivane Crèche	<i>Community facilities</i>	500 000	7	New
Total Capital expenditure			24 198 450		

The capital budget is funded by the grants which will be transferred to the municipality by National Treasury as per DORA allocation gazette for 2014. An amount of R16, 198 million will be transferred for Municipal Infrastructure Grant while R 8 million will be transferred for electrification programs.

The municipality has also budgeted for capital expenditure out of the cash generated by the municipality. The projects which are budgeted for under cash generated funding are as follows:

Own revenue generated - Capital expenditure			
Expenditure type	Budget Year 2014/2015	Budget Year 2015/2016	Budget Year 2016/2017
Capital - Computer/ System	280 000.00	291 200.00	302 848.00
Capital - Plant and Equipment	-	1 064 800.00	1 507 392.00
Capital - New vehicles	1 550 000.00	1 144 000.00	1 189 760.00
	1 830 000.00	2 500 000.00	3 000 000.00

Recommended Council Resolutions

On 31 March 2014 the Draft budget for 2014/2015 financial year was tabled to Council meeting of eDumbe Local Municipality held in the Council Chambers and public participation was conducted in terms of the constitution and municipal IDP and Budget Process plan.

1. The Mayor of eDumbe Local Municipality, acting in terms of section 16 (2) of the Municipal Finance Management Act, (Act 56 of 2003) tabled the annual draft budget to a council meeting. The council to resolved:

1.1. That the budget and Medium-Term Revenue and Expenditure Framework (MTEF) for the three year period commencing in 2014/2015 financial year be approved.

1.2. Take note of the operational and Capital budget for the outer years 2015/2016 and 2016/2017

1.3. Take note that provision was made for a general increase of 6.84% on salaries of officials and 5% provision for upper limits of Councillors salaries, allowances and benefits, implementation being subject to the confirmation by the SALGBC for employees and approval by MEC for Co-operative Governance and Traditional Affairs for councillors.

1.4. Take note that the Integrated Development Plan was observed and taken into account in the compilation of the budget.

1.5. Those copies of the budget are submitted to National Treasury, DPLG, DTLGA and Provincial Treasury as per the requirements of the MFMA.

1.6. The budget funding (grants) and the proposed tariff charges be approved

1.7. That the tariffs be reviewed based on recommendations attached.

1.7.1. That the tabled budget for the year 2014/2015 & indicative figures for the 2 projected outer years be approved as set out in the following schedules:

1.7.1.1.	Table A1	Budget Summary
1.7.1.2.	Table A2	Budgeted Financial Performance (By Standard Classification)
1.7.1.3.	Table A3	Budgeted Financial Performance (By Municipal Vote)
1.7.1.4.	Table A4	Budgeted Financial Performance (Revenue & Expenditure)
1.7.1.5.	Table A5	Budgeted Capital Expenditure
1.7.1.6.	Table A6	Budgeted Financial Position
1.7.1.7.	Table A7	Budgeted Cash Flows
1.7.1.8.	Table A8	Cash Backed Reserves
1.7.1.9.	Table A9	Asset Management
1.7.1.10.	Table A10	Basic Service Delivery Measurement
1.7.1.11.	Supporting documents from SA1 – SA37	